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From: Deborah Entrekin
To: Commissioner Adelstein
Date: 1/24/03 5:28PM
Subject: Concerned telephone consumer

ORIGINAL

Attached is a letter outlining my view on current telecommunications regulation.

--- Mark Fadenrecht
--- entrekin@earthlink.net
--- EarthLink: The #1 provider of the Real Internet.

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Federal Communications Commission
Office of the Secretary

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January 17,2003

Federal Communications Commission
445 12th Street S.W.
Washington, D.C. 20554

Dear Commisioners:

I know you have a tough responsibility regulating the telecommunications industry given the current downfall in the industry. I thought I would write you to express my opinion as consumer in the state of California. I am being bombarded with mail ads from AT&T and MCI regarding their local service offerings. I have researched whether I should switch my local service and have concluded that they should not be in a position to offer the service in the first place since they can not ensure the quality of the product.

My understanding is that my local company, who owns the lines, is required to lease their lines to these companies at rates established by the FCC. It is unfair that AT&T can offer me unlimited local calling for $28.45 per month and does not have to use any of the proceeds to improve the quality of my telephone lines. It does not appear by the prices offered by AT&T and MCI that my local company would have much left over from their lease income to pay for improvements to the telephone infrastructure. That **is** their **loss** in the long run.

The telephone infrastructure in the U.S. is outdated and needs to adapt more efficient and faster technology. It is understandable that a company would have little motivation to improve the ancient copper lines with newer technology when they are required to lease those lines to a company that will market them at cheap rates and not be required to provide support in repairs or improvements. This tactic would he similar to the government requiring a car rental agency to lease their cars to another company at a rate less than the monthly loan payments to the bank. In return, the other company would be allowed to sublease the cars to potential customers at a rate lower than the original agency could offer. Plus, the original company would be required to cover all the necessary insurance and maintenance on those vehicles. Even worse, the companies they are required to rent to include a company facing criminal charges due to questionable business practices and has received protection from it's creditors through bankruptcy (the example is World Com of course). Given the scenario, the original rental agency would unlikely replace the older vehicles with newer vehicles in order to lower their losses. In return, the customers would migrate to a company that offers newer cars at comparable rates.

In the long run, the cable and wireless companies will likely win the business once they have gained the technological edge. I have already switched my internet service from my local carrier. Based on the quality of product, I have selected my cable company for high speed internet over DSL. As I stated at the beginning of this letter, I am considering the options for local service. The product is the same between my local carrier, SBC, and the competitors, AT&T and MCI. I wish the playing field could be more even *for* the competitors. AT&T and MCI should either build their own local networks or at least have to contribute to an improvement fund outside of the lease which would only be used for infrastructure improvements. California mandated a fund for local electrical providers requiring the proceeds be used to bury the electrical lines. Why can't a fund be created for improved infrastructure with the telecommunication companies? Why can't there be temporary regulatory or tax incentives in place for other players to build their own lines or connections to the end users? In the long run, a company building their own infrastructure is the answer. The trade off would be that the local Bell companies would have to invest in long distance lines to be more competitive while the long distance players would have to invest in local connections. Until this happens, equitable rental rates **and** a capital improvement fund may be the temporary fix to keep the fixed line industry in fair competition with the cable and wireless industry.

The industry is becoming a data transport rather than a voice only transport system. The main fiber optic cables become a bottleneck when they reach the copper lines connecting the homes and small businesses. **As** the local competition disputes over lease prices, the cable and wireless companies will steal the business **as** their products improve. These companies also have an advantage in that they do not have to face the same regulations as the local competition.

Your commission has the ability to level the playing field and give the consumer a better product in the long run. **A** company should bring their own product to the market place or at least be required to invest in the quality of someone else's product before being allowed to market that product. The answer is an open market with innovation through capital investment. With level regulation by the FCC and capital investment by the companies, the market place will decide the rates of the competitors. True competition will create a better product rather than allowing a middleman to rent a salvaged product to the consumer. If that is the only answer, than maybe the government should own the phone lines. I hope that is never the case and that innovation through capital investment will thrive.

Alexander Bell created the telecommunications industry through design, research, capital investment and innovation. These principals should be allowed to flourish in our current stagnated telecommunications industry. I appreciate the time you spent in reading my letter and hope you take my opinions into consideration.

Sincerely,

Mark Fadenrecht
Email: fadenrecht@yahoo.com